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CHAPTER 18

RESERVE DEDUCTIONS AND COLLECTIONS1801. INCOME TAX WITHHOLDING180101. Federal Income Tax

A. Reference. “DoDFMR”, Vol. 7A, Chapter 44.

B. Substantiation. Unit diary.

C. Computation of Federal Income and Tax Withholding. The daily percentage method is used to compute and withhold federal income tax. Taxable income earned for the period covered by the LES is shown in block 34 of the LES. The number of exemptions shown in block 15 represents the standard deduction rates used to compute tax withholding. The standard deduction rates and the federal tax computation formula are shown in appendix D.

D. Exemptions for Federal Tax Purposes. A diary statement changes the exemptions (tax plan) shown in block 34 of the LES. A federal tax plan of S-1 is generated for newly accessed records.

E. Tax Adjustments/Corrections. Taxable information is system generated when taxable entitlements, periods of IDT, or active duty are reported. Manual adjustments are occasionally required. For example, a reservist was erroneously dropped and subsequently rejoined. The MOBCOM Finance Officer, Reserve Pay would have to rebuild the tax information using fields from the preceding account and report this information using the appropriate TTCs to:

1. Correct the total federal taxable wages for the current year, report TTC 618, SEQ 000 (see appendix F), or

2. Correct the total federal income tax withheld for the current year, report TTC 620, SEQ 000 (see appendix F). Future occurrences and prior calendar year tax fields cannot be adjusted. Negative amounts cannot be reported. The amount reported cannot include amounts contained in the monthly tax field. The entries updating federal taxable wages and taxes withheld will not affect net pay computations. Ensure that the year-to-date federal wages reported via TTC 618, SEQ 000 (see appendix F) equals the total state wages (for all states) year-to-date.

F. Reports. Refer to appendix A for reports generated out of the federal tax process.

G. Mobilization Process. When a reserve member is mobilized or ordered to active duty for 31 days or more, the member's federal tax plan and number of exemptions will

automatically be transferred to the member's MCTFS record. The "From Date" will be the effective date of the initial join.

180102. State Income Tax. See Chapter 7 of this manual.

180103. Exemptions For State Tax Purposes

A. Substantiation. Unit diary.

B. Action. Diary statements are used to change a state tax plan or state of legal residence.

C. State Tax Adjustments. The requirement to adjust state tax fields parallels the procedures to adjust federal tax fields. See paragraph 180101.E. Correction of state tax summary fields may only be effected for the state which is currently designated as the state of legal residence on a member's DD Form 2058: State of Legal Residence Certificate. Taxable information of a prior state of legal residence cannot be adjusted by the MOBCOM Finance Officer, Reserve Pay. These adjustments must be documented and forwarded to the DFAS-HTSBD/KC for correction. The entries updating state taxable wages and taxes withheld will not affect net pay computations. The MOBCOM Finance Officer, Reserve Pay will report the following entries to overlay manually determined amounts to the respective tax fields:

1. Taxable Wages. To correct total state taxable wages for the current calendar year report TTC 565/004 (see appendix F). Future occurrences and prior calendar year tax fields cannot be adjusted. Negative amounts cannot be reported. The amount reported should not include amounts contained in the monthly tax field. The entries updating state taxable wages and taxes withheld will not affect net pay computations. Ensure the total state wages year-to-date (for all states) reported with TTC 565, SEQ 004 equal the year-to-date federal wages.

2. Tax Withheld. To correct total state tax withheld for the current calendar year, report TTC 566/004 (see appendix F). Future occurrences and prior calendar year tax fields cannot be adjusted. Negative amounts cannot be reported. The amount reported should not include amounts contained in the monthly tax field.

D. State Tax Reports. Refer to appendix A for reports generated out of the state tax process.

E. Mobilization Process. When a reserve member is mobilized or ordered to active duty for 31 days or more, the member's state tax plan, number of exemptions, and state tax code will automatically remain available in the MCTFS. The "From Date" will be the effective date of the initial join.

180104. Wage And Tax Statement Procedures. An annual IRS Form W-2 is prepared during January for the preceding calendar year. Only one W-2 is produced for members who earn both active duty (over 30 days) and reserve taxable wages in the same calendar year.

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State tax withheld will post on the IRS Form W-2 with a breakdown by state (a maximum of four states per year). For reserve members with active duty wages, the accumulated amount of the active duty wages for less than 31 days will be included in the total amount.

A. Replacement W-2s and Corrected W-2s (W-2Cs)

(1) Requests for a replacement W-2 must be submitted to the MOBCOM Finance Officer, Reserve Pay. Replacement W-2C's for the current year (i.e. 2006 is the current year) and two prior tax years can be prepared by the MOBCOM Finance Officer, Reserve Pay using the W2-W2C Marine On-Line (MOL) application. Instructions for using this application are provided in the W2-W2C MOL User's Guide available at:

<https://hqipom1.hqmc.usmc.mil/hqpr/Fiscal/RFL/pages/w2-w2c.zip>, or are available in the application accessed through MOL. Replacement or prior year W-2s can also be obtained by filling in the appropriate form located on the internet at the Military Pay: Home page at:

<http://www.dod.mil/dfas/militarypay/html>. Under the heading Military Pay, select 200X Tax Information, then select Marine Corps Tax Information. A W-2C for prior years (i.e. 2005 and prior) must be prepared manually, using the procedures provided in subparagraph D.3, below.

(2) A Corrected W-2 (W-2C) for the current tax year (i.e. 2006 is the current year) is to be prepared/printed using the W2-W2C MOL application. W-2C's for prior years "can not" be prepared and issued using the W2-W2C MOL application, they must be prepared manually, using the procedures provided in subparagraph D.3, below. W-2s and W-2Cs prior to the current and past two years are not to be reissued. These are closed years for which the IRS will not allow any changes.

B. IRS Form W-2 for Separatee. All W-2s are generated annually (as of December 31) and mailed to the reservist's permanent mailing address. Any inquiries from separatees concerning IRS Form W-2s will be sent to the DFAS-N/KC.

C. Responsibilities for Issuing W2C Statement of Corrected Income and Tax Amounts

1. Reserve Member. The MOBCOM Finance Officer, Reserve Pay is responsible for determining the need for issuing a W-2C. Requests must be provided, in writing, explaining the error along with the incorrect W-2. If a member has both active duty and reserve taxable wages, determine if the active duty or reserve wages and taxes are incorrect before a W-2C is prepared. When the active duty wages or taxes are in question, coordinate the correction with the DFAS-JMCE/KC before a W-2C is issued.

2. Discharged/Separated Reserve Member. The DFAS-JMCE/KC is responsible for determining the need to issue a W-2C when a request is received. All requests must be provided in writing explaining the error, along with the incorrect W-2.

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3. Deceased Reserve Member. The DFAS-JMCE/KC is responsible for determining the need to issue a W-2C when a request is received. All requests must be provided in writing, along with the incorrect W-2.

4. Questions on Preparing a W-2C. Contact the DFAS-JAFC /KC.

5. Active Duty Member. Refer to Chapter 7, Section 1.

D. Instructions for Correcting W-2C Statement of Corrected Income Tax Amounts.

*1. Correcting Wages and Taxes. When an error in the identification information, taxable wages, or tax amount on an IRS Form W-2 is detected, correct the error by issuing a W-2C. Before preparing a W-2C, review the member's W2C history in [W2-W2C](#) MOL application to determine if any prior W-2Cs have been issued to change the original W-2 information.

2. Preparing a W-2C using the W2-W2C Application.

*a. W-2C's for the current year (i.e. 2007 is the current year) must be prepared using the W2-W2C application. A W-2C for prior years (i.e. 2005 and prior) must be prepared manually. Refer to subparagraph 3 below. The MOBCOM Finance officer can order official IRS W-2C forms by calling 1-800-829-3676 or order on-line at: Forms and Publications BY U.S. Mail. A blank W-2C (in PDF) format) is available on the internet by entering "W-2C" in the Search Forms and Publications field at: <http://www.irs.gov>.

b. A copy of a manually prepared W-2C must be forwarded to the DFAS-JAFC /KC.

*3. Use the following procedures for manually preparing and issuing a W-2C:

a. Box a, Year and Form Being Corrected. When correcting a W-2, enter all four digits of the year of the form you are correcting. When correcting a W-2C, enter all four digits of the year that is being corrected. Also, enter "C" to designate the form you are correcting.

b. Box b, Employee's Correct SSN. Enter the member's correct SSN even if it was correct on the original W-2.

c. Box c, Corrected SSN and /or Name. When correcting a SSN and/or name, mark if checked, enter incorrect SSN and/or name in box h and/or i.

d. Box d, Employer's Federal EIN. Enter "53-9990000".

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e. Box e, Employee's name. Enter the member's correct first name, middle initial, and last name.

f. Box f, Employee's Address and Zip Code. Enter the member's address and zip code. Enter current military address, Zip Code, DSSN, RUC and pay group. When issuing W-2s or W-2Cs for separated and reserve members, use the member's home address. When a W-2 has an incorrect address and all other information on the W-2 is correct, do not prepare a W-2C.

g. Box g, Employer's Name, Address, and ZIP Code. Enter "Defense Finance and Accounting Service-Kansas City Center, 1500 E. Bannister Road, Kansas City, MO 64197-0001."

h. Box h, Employee's Incorrect SSN. Enter the employee's incorrect SSN as shown on the original W-2. If a correction is required, check Box c and the same SSN that is on the original W-2.

i. Box i, Employee's Name. Enter the member's name as shown on the original W-2. If a correction is required, check Box c and enter the same SSN that is on the original W-2.

j. Boxes 1-8. For the items that are being changed, under "Previously Reported," enter the amount reported on the original W-2 or W2-C and enter the correct amount under "Correct Information". Do not make an entry in any of these boxes unless a change is being made. When the wages in Box 1 are being corrected, state wages and state income tax in boxes 15 through 17 may also need to be corrected (both active duty and reserve wages and taxes were combined, beginning with W-2s for 1994). Boxes 3 and 5 must always be the same unless the member's YTD wages exceed the social security wage limit for the calendar year. For calendar year 2005 it was \$90,000. Refer to Appendix D.

k. Boxes 9-12. Use these boxes to correct items on the W-2 that need to be corrected on the W-2C. Enter the box number, box name, and code (if applicable) from the W-2. Use these boxes to correct an advance EIC payment, elective deferrals (Box 12, code D), and any other item reported on the original W-2. When there is not enough boxes on the W-2C to make corrections, use an additional W-2C.

Note: If a year follows code D, E, F, G, H, or S, a make-up pension contribution for a prior year(s) was made when a member was in the military service. To figure whether excess deferrals were made, consider these amounts for the year shown, not the current year. If a year is not shown, the contributions are for the current year.

l. Box 13. Mark the checkboxes in Box 13 under "Previously Reported" as they were entered on the original W-2. Under "Correct Information", mark them as they should have been marked. For example, if the Retirement Plan checkbox in Box 13 under

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“Previously Reported” was not checked on the original W-2 and should have been, do not mark it under “Previously Reported”. However, do mark the “Retirement Plan” under “Correct Information”.

m. Box 14. Under “Previously Reported”, enter the code (E, Q or W) and the amount reported on the original W-2 or W-2C that are being changed, and enter the correct code (E, H or W) and the amount under “Correct Information”. TSP changes to TSP and Transportation Benefits are required to be coordinated with DFAS-JMSB/KC, DSN 465-5257 or (816) 926-5257.

n. Boxes 15–17. For the amounts and items that are being changed, under “Previously Reported,” enter the amount and the item reported on the original W-2 or W-2C and enter the correct amount or item under “Correct Information”. Do not make an entry in any of these boxes unless a change is being made.

o. DFAS-JAFC /KC. The DFAS-JAFC/KC is to receive all W-2 corrections that are prepared using the W2/W2C MOL application by August 31 of the following year for the previous calendar year W-2. They are also to receive all manually prepared W2Cs prepared after August 31st. The only adjustments that are to be made after August 31 are federal and state wages, and social security and Medicare wages and taxes. DFAS-JAFC/KC will notify the finance officers if there is a change to the cut-off date.

p. Transmittals. Do not mail W-2Cs to DFAS-JAFC/KC that were prepared using the W2-W2C MOL application prior to September 1st. W2Cs prepared manually after August 31st must be transmitted to DFAS-JAFC/KC. Mail copies A and 1 of the manually prepared W2Cs under a letter of transmittal that lists each W-2C by SSN. Use a separate letter of transmittal for each pay group.

q. File the “Employer Copy” (copy D) of the W-2C along with a copy of the original W-2 and retain it for the current plus one tax year.

r. Provide copies B, C, and 2 of the W-2C to the member.

Note: Members issued an IRS Form W-2C also need their original IRS Form W-2 showing the incorrect information to file their tax returns. If the original IRS Form W-2 has been lost or destroyed, reissue the original W-2 form.

s. Reissued W-2s For an Entire RUC or DSSN. Request reissuance of IRS Form W-2s for an entire RUC or DSSN from the DFAS-HTSBD/KC.

4. Transmittals. For those manually prepared W-2s and W-2Cs that are NOT re-entered into the W-2-W2C application, the MOBCOM Finance Officer, Reserve Pay will forward copies A and 1 of the W-2s to the DFAS-JAFC /KC daily under a letter of transmittal that lists each W-2C by SSN. Use a separate letter of transmittal for each pay group.

a. File the “Employer copy (Copy D) of the W-2C and retain it for the current plus one year.

- b. Provide copies B, C, and 2 of the W-2C to the member.

5. MCTFS W-2 History Remarks. There are three MCTFS history remarks that contains the active duty and reserve members annual W-2 and W2C information that is reported throughout the year. The 615 remark provides the annual W-2 information that was issued, the 620 Remark contains a member's W-2 Tax Summary and the 625 Remark contains the corrected W2 (W-2C) information. The three history remarks are for view purposes only. Administrative and finance officers reported transactions will not affect the remarks. A member will only have one remark created per calendar year, when the original W-2 is created or when an additional (ADD) W-2 is reported via the W2-W2C On-Line Process.

180105. Collection Of Delinquent Federal Taxes By Levy

- A. Reference. "DoDFMR", Vol. 7A, Chapter 44.

- *B. Substantiation. IRS Form 3676: Notice of Levy.

C. Initial Processing. The IRS initiates IRS Form 668-W: Notice of Levy to collect delinquent federal taxes. The form is to be mailed to the DFAS-JMCE/KC but it is sometimes erroneously sent to unit commanders and the MOBCOM Finance Officer, Reserve Pay (Reserve Pay Finance officer). All Notices of Levy will be initially processed by unit commanders, Reserve Pay Finance Officer and the DFAS-KC as prescribed below:

D. Unit Commanders/Reserve Pay Finance Officer Action. When a unit commander or the Reserve Pay Finance Officer receives a Notice of Levy direct from the IRS, they will instruct the member to complete parts 4, and 5, and the statement of exemptions and inform the member that:

1. The DFAS-KC will make payment of the levy to the IRS from the pay and/or allowances due.

2. If the DFAS-JMCEC/KC cannot satisfy the levy in one payment, all wages not exempt from the levy will be attached.

- *3. If the levy continues beyond a one-time payment, pay received will not exceed the exempted amount determined from the IRS Form 3676 .

4. Any questions concerning the levy must be directed to the IRS.

5. Forward the Notice of Levy, with parts 4 and 5 completed, and all levy-related documents to the DFAS-JMCE/KC as soon as possible. The member will retain part 5 of the form. (Note: Either the unit commander or the Reserve Pay Finance Officer may forward the form to the DFAS-JMCE/KC.)

E. DFAS-JMCE/KC Action. When the DFAS-JMCE/KC receives a Notice of Levy from the IRS, the DFAS-JMCE/KC will inform the member of the levy by letter via the unit commander. With the letter, the member will be furnished parts 2 through 5 of the levy. Part 4, the statement of exemptions, must be completed by the member and returned to the DFAS-JMCE /KC within 20 days. If they are not returned, the amount of pay subject to the levy will be computed using the single personal exemption. Part 5 of the form will be retained by the member for personal records.

1. Separations. The tax levy will be returned to the IRS with the former member's address if separation from the Marine Corps Reserve without transfer to the retired list.

2. Tax Levy Postponement. Collection will be postponed while the member is in a status listed in the "DoDFMR", Vol. 7A, paragraph 440203.

3. Amount Payable. The amount payable is pay and allowances, paid on discharge, less:

(a) Those items listed in the "DoDFMR", Vol. 7A, table 52-1 or paragraph 440203.

(b) The personal exemption amounts provided on IRS Publication 1494.

4. Payment

(a) Pay by check if the levy can be paid in less than three months. The payment is shown on the next LES produced and is identified as a special payment in Section O.

(b) Compute the members disposable pay available and report the collection for the payment made to the IRS with TTC 694, SEQ 003 (see appendix F).

(c) If the reservist failed to return the Notice of Levy or performed IDT/active duty before the completed statement is received, use the tax status of married filing separately with one exemption to determine the proper amount of wages exempt from withholding.

(d) If the total number of exemptions and exceptions equals or exceeds the reservist's total pay and allowances, notify the IRS office that served the levy.

(e) Notify the commanding and the Reserve Pay Finance Officer, of the withholding required, and the payments to be made.

1802 FEDERAL INSURANCE CONTRIBUTIONS ACT (FICA)
180201. FICA Tax

A. Reference. "DoDFMR", Vol. 7A, Chapter 45.

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B. Withholding. During the pay computation process, FICA tax is deducted from active duty basic pay entitlements and IDT periods performed after 31 December 1987. For calendar year 1991 and subsequent years, congressional legislation mandates a new FICA dual wage base for social security (SS) and Medicare (ME). See appendix D, FICA Computation and Daily Withholding, for the wage base amounts and the maximum tax withholding. FICA-SS wages year-to-date and FICA-SS tax withheld year-to-date are printed in LES block 35 FICA-ME wages earned for the period covered by the LES, and FICA-ME wages and tax withheld year-to-date are displayed in Section G, block 35.

C. Action. The MOBCOM Finance Officer, Reserve Pay corrects erroneous FICA wages and taxes withheld for the current calendar year. To correct the FICA-SS portion for the current calendar year, report TTC 622, SEQ 000, using type code SS (see appendix F). To correct the FICA-ME portion for the current calendar year, report TTC 622, SEQ 000 using type code ME (see appendix F). When a correction is made to FICA wages, FICA tax withheld is automatically adjusted. Prior year FICA wages cannot be adjusted. The amount reported cannot include the amount in the monthly FICA wage field. Reporting TTC 622, SEQ 000, will not affect net pay computations. See appendix E for the pay codes for SS and ME.

D. Pay Received While Disabled. Pay received by a reserve member while hospitalized or disabled beyond the expiration or termination date of active duty orders is subject to FICA taxes.

1803 INDIVIDUAL AND FAMILY SERVICEMEN'S GROUP LIFE INSURANCE (SGLI)

180301. SGLI For Members Of The Selected Marine Corps Reserve

A. Reference. "DoDFMR", Vol. 7A, Chapters 47 and 58, MCO P1741.8, and MCO P1080.40C.

B. Substantiation. Unit diary.

C. General. When a member is transferred between the SMCR/IMA/MTU and active duty, the member's current SGLI coverage continues until the member changes coverage. The 801 remark is updated for transfer between components. The remark for SGLI coverage during active duty in excess of 30 days shows the inclusive months of the active duty period. Reserve component coverage is shown terminating the month before the active duty began and resuming the month after the active duty ends.

D. Commander's Action. Report a diary entry to establish or change an SGLI election. For those reserve members with a training category pay group of A, B, or P, the accession/join transaction will generate maximum coverage.

180302. SGLI For Members Of MTUs Or Appropriate/Associate Duty Status

A. Substantiation. Unit diary and DD 1131: Cash Collection Voucher.

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B. General. A member of the Ready Reserve, who is a member of an MTU or who is in an appropriate/associate duty status, is entitled to full-time SGLI coverage. Premiums must be paid in advance on a quarterly, semiannual, or annual fiscal year basis. The join transaction generates maximum coverage; however, reduced coverage can be elected in \$10,000 increments. A MOBCOM Finance Officer, Reserve Pay diary statement must be used to change an SGLI election. The join entry starts SGLI and only TTC 689/001 (refer to appendix F) can be used to change SGLI. The MOBCOM Finance Officer, Reserve Pay must report any changes in coverage to maintain the integrity of the MTU member's SGLI balance. When additional premium payments are reported for a member with a positive prepaid balance, that payment is added to the prepaid balance and a new SGLI remark is created reflecting the combined amounts. The old SGLI remark is closed at the end of the reporting month. There will not be any multiple prepaid remarks. Only one current and future SGLI remarks will be shown. An SGLI status report is provided to MTU commanding officers each month. The report lists the SGLI election, monthly premium rate, prepaid amount, beginning date, and balance for all members of the MTU.

C. Action. The MTU member will submit SGLI payments to the Commanding General, Marine Corps Mobilization Command (MMD), 15303 Andrews Road, Kansas City, MO 64147-1207. The MOBCOM will complete a DD 1131 and submit it, along with the payment, to the DFAS-JV/KC for processing. Upon receipt of the cash collection voucher from DFAS-JV/KC, the MOBCOM Finance Officer, Reserve Pay, will update the reserve member's SGLI account by:

1. Reporting the payment with TTC 689/SEQ 001 (see appendix F for the proper one-digit coverage key to report). TTC 689/000 is to be reported when no prepayment is received.
2. Researching the MCTFS D800 MTU-SGLI remark on the VIS, noting the TO DATE, and reporting the payment with the same entry as above using an effective date, one day greater than the TO DATE, when the member has a prepaid balance.
3. Filing the voucher with a copy of the entry.
4. Making sure that if a member with a prepaid balance remits additional premium payments, which are reported into the MCTFS they will be reflected on the LES with a prepaid balance equal to the old prepaid balance plus the payment reported.
5. Auditing the member's MCTFS D800 MTU-SGLI remark. If the audit proves that an amount owed/due is incorrect, the MOBCOM Finance Officer, Reserve Pay may reduce an amount owed or increase an amount due by following the above procedures. Instead of entering a payment amount, enter the difference of the actual amount owed/due and the amount shown on the VIS. If the amount owed must be increased or the amount due reduced, the request must be submitted to the DFAS-HTSBD/KC.

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D. SGLI Action For MTU Members. When a reservist, who is a member of an MTU or who is in an appropriate/associate duty status, is transferred or separated, any amount due or owed will be automatically credited or debited to the member's account. If a transfer is not reported and a join transaction stops SGLI, or if the transfer or separation date is subsequently changed by the delete/add process, the balance due or owed will not be adjusted. If any adjustment is required, the member will appear on the SGLI Action Report which reflects the amount due or owed the member. Upon receipt of the report:

1. Research the MCTFS D800 remark and verify the amount due the member or the government and verify the separation action.

2. Report a credit with TTC 694, SEQ 002 or checkage with TTC 694, SEQ 003, using the MCTFS D800 code from the master record, the AS-OF-BAL amount from the report, tax code 4, and the eight-digit AS-OF-BAL date from the report or as adjusted. Annotate the report with the action taken and the date.

E. SGLI Action For MTU Member Transferring To The SMCR. When a member separates from the MTU and joins the SMCR during the same month, do not deduct SGLI for the first month as an SMCR as it would have been paid for the month of separation from the MTU.

F. SGLI Action For Individual Ready Reserve (IRR) Annual Screening. See Chapter 20, Section 2.

180303. Part-Time Coverage

A. Reference. "DoDFMR", Vol. 7A, Chapter 58, paragraph 580703.

B. Substantiation. Unit diary.

C. General. A member of the IRR (not MTU) and Standby Reserve is only entitled to part-time SGLI coverage.

D. MOBCOM Action. A diary statement generates a one-time deduction per fiscal year. When no part-time election is reported, maximum coverage is generated by the "completed active duty for training" transaction for members of the IRR (not MTU) and Standby Reserves.

180304. SGLI Family (FSGLI) Coverage For Members Of The Selected Marine Corps Reserve

A. Reference. "DoDFMR", Vol. 7A, Chapters 47 and 58, MCO P1741.8, and MCO P1080.40.

B. Substantiation. Unit diary.

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*C. General. Family members (spouse and child(ren)) of reserve members insured under the SGLI program are automatically enrolled for FSGLI coverage. The reserve member must be covered under the SGLI program in order for coverage to be extended to the member's family members. Family members of uninsured reserve members are not covered. Spouses are automatically covered for \$10,000 (maximum amount) or the amount of the reserve member's coverage, if insured for less than \$100,000. The member may elect less than \$100,000, in increments of \$10,000, and must do so in writing by completing the SGLV 8286A form. A member married to another service member is eligible for spousal coverage. If each member desires to elect the maximum amount for both SGLI and spousal coverage, the member would be insured for \$350,000. If a marriage occurs after November 1, 2001, insurance coverage becomes effective on the date of marriage. The member must elect, in writing, not to insure his/her spouse by completing the SGLV 8286A. Child(ren) are automatically covered at no cost to the member. A member cannot elect to insure his/her child for less than \$10,000. Refer to MCO P1080.40 (MCTFS PRIUM) for further information.

D. When a member is transferred between the SMCR/IMA/MTU and active duty, the member's current FSGLI coverage continues until the member changes coverage. The 804 remark is updated for transfer between components. The remark for FSGLI coverage during active duty in excess of 30 days shows the inclusive months of the active duty period. Reserve component coverage is shown terminating the month before the active duty began and resuming the month after the active duty ends.

E. Commander's Action. Report a diary entry to establish or change a SGLI election. For those reserve members with a training category pay group of A, B, or P, the accession/join transaction will generate maximum Family SGLI coverage.

180305. SGLI Family (FSGLI) Coverage For Members Of MTUs Or Appropriate/Associate Duty Status

A. Substantiation. Unit diary and DD 1131: Cash Collection Voucher.

B. General. A member of the Ready Reserve, who is a member of an MTU or who is in an appropriate/associate duty status, is entitled to full-time FSGLI coverage. Premiums must be paid in advance on a quarterly, semiannual, or annual fiscal year basis. Separate checks must be issued for regular SGLI payments and FSGLI payments. The join transaction generates maximum FSGLI coverage; however, reduced coverage can be elected in \$10,000 increments up to \$100,000. A MOBCOM Finance Officer, Reserve Pay diary statement must be used to change a FSGLI election. The join entry starts FSGLI and only TTCs 689/002 or 689/003 can be used to change FSGLI (refer to appendix F for the proper coverage key to report). A drop-down menu will appear to select and report the appropriate FSGLI election coverage using a table file key. The MOBCOM Finance Officer, Reserve Pay must report any changes in coverage to maintain the integrity of the MTU member's FSGLI balance. When additional premium payments are reported for a member with a positive prepaid balance, that payment is added to the prepaid balance and a new SGLI remark is created reflecting the combined amounts. The old FSGLI remark is closed at the end of the reporting month. There

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will not be any multiple prepaid remarks. Only one current and future FSGLI remarks will be shown. A FSGLI status report is provided to MTU commanding officers each month. The report lists the FSGLI election, monthly premium rate, prepaid amount, beginning date, and balance for all members of the MTU.

C. Action. The MTU member will submit FSGLI payments to the Commanding General, Marine Corps Mobilization Command (MMD), 15303 Andrews Road, Kansas City, MO 64147-1207. The MOBCOM will complete a DD 1131 and submit it, along with the payment, to the DFAS-JV/KC for processing. The MOBCOM Finance Officer, Reserve Pay will update the reserve member's FSGLI account by:

1. Reporting TTC 689/002 without a prepaid balance/no payment made and reporting TTC 689/003 when a prepaid payment is made (refer to appendix F for the proper coverage key to report.)

2. Researching the MCTFS D805 FMTU-SGLI remark on the VIS, noting the TO DATE, and reporting the payment with the same entry as above using an effective date, one day greater than the TO DATE, when the member has a prepaid balance.

3. Filing the voucher with a copy of the entry.

4. Making sure that if a member with a prepaid balance remits additional premium payments, which are reported into the MCTFS they will be reflected on the LES with a prepaid balance equal to the old prepaid balance plus the payment reported.

5. Auditing the member's MCTFS D805 FMTU-SGLI remark. If the audit proves that an amount owed/due is incorrect, reduce an amount owed or increase an amount due by following the above procedures. Instead of entering a payment amount, enter the difference of the actual amount owed/due and the amount shown on the VIS. If the amount owed must be increased or the amount due reduced, the request must be submitted to the DFAS-HTSBD/KC.

D. Family SGLI Action For MTU Members. When a reservist, who is a member of an MTU or who is in an appropriate/associate duty status, is transferred or separated, any amount due or owed will be automatically credited or debited to the member's account. If a transfer is not reported and a join transaction stops SGLI, or if the transfer or separation date is subsequently changed by the delete/add process, the balance due or owed will not be adjusted. If any adjustment is required, the member will appear on the SGLI Action Report which reflects the amount due or owed the member. Upon receipt of the report:

1. Research the MCTFS D805 remark and verify the amount due the member or the government and verify the separation action.

2. Report a credit with TTC 694, SEQ 002 or checkage with TTC 694, SEQ 003, using the MCTFS D805 code from the master record, the AS-OF-BAL amount

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from the report, tax code 4, and the eight-digit AS-OF-BAL date from the report or as adjusted. Annotate the report with the action taken and the date.

E. Family SGLI Action For MTU Member Transferring To The SMCR. When a member separates from the MTU and joins the SMCR during the same month, do not deduct Family SGLI for the first month as an SMCR as it would have been paid for the month of separation from the MTU.

1804. NONJUDICIAL PUNISHMENT (NJP)/COURT-MARTIAL FORFEITURES

180401. Collection Of Active Duty Forfeitures From SMCR Members

A. Reference. “DoDFMR”, Vol. 7A, Chapter 48, paragraphs 480709 and 4812.

B. Substantiation. NAVMC 11116: Miscellaneous Military Pay Order/Special Payment Authorization. (The NAVMC 11116 is available on the internet by using the application at: <http://www.hqmc.usmc.mil/ar/recmgmt.nsf>, where you can search for the NAVMC 11116.)

C. General. All punishments (as the result of any offense committed on or after 12 March 1987) remaining unserved at the time a member of a reserve component is released from active duty, or at the end of a period of active duty training or normal period of inactive duty, may be carried over to subsequent periods of IDT or active duty.

D. Commander's Action. If a reserve member receives an NJP while on active duty, is then released from active duty and joined to an SMCR unit, and the forfeiture period extends into the member's period of IDT or AT, the commander must do the following as soon as possible to ensure collection action is taken:

1. Complete a NAVMC 11116 and state in the Remarks Section the amount of the monthly forfeiture, the number of months, the effective date, and the scheduled IDT dates and periods of active duty the forfeiture can be collected from the members reserve pay.

2. Forward the NAVMC 11116 to the MOBCOM Finance Officer, Reserve Pay for collection.

E. MOBCOM Finance Officer, Reserve Pay Action

1. Compute the amount of the forfeiture to be collected (“DoDFMR”, Vol. 7A, paragraph 4807 refers).

2. Report the amount to be collected using TTC 694, SEQ 003, with a tax code of 3 (see appendix F).

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Warning: The collection must be processed in the same payroll cycle as the reported training. Failure to do so will result in the member being overpaid.

3. Submit the NAVMC 11116 with the finance officer substantiating voucher file.

1805. STOPPAGES AND COLLECTIONS OTHER THAN COURT-MARTIAL FORFEITURES

PART A: INDEBTEDNESS

180501. Authority. The "DoDFMR", Vol. 7A, Chapter 50, contains the procedures for voluntary and involuntary collection of an indebtedness to the government. The procedures for implementing voluntary and involuntary collections of indebtedness are contained in the following paragraphs.

180502. Indebtedness. Indebtednesses are caused by erroneous payments, loss of public funds, loss or damage to public property, court orders, writs, summons, decrees, and other acts of the individual member. Procedural instructions for certain checkages (clothing and small stores, household effects, trailer shipments, dishonored checks, transportation requests, defaulted student loans, VA loans, and trailer loans) are contained in individual paragraphs within part C of this Section. The following paragraphs address indebtednesses not covered elsewhere.

Note: Any "taxable" overpayment collected in a year other than the year it was paid will be checked as a nontaxable item and no tax adjustment will be made. The only time taxable income is to be adjusted is when an overpayment is paid and collected within the same year as the overpayment occurred. For example, a member is overpaid ACIP in August 2002, overpayment was discovered in December 2003, and checkage action started in January 2004. The total amount of the member's overpayment is to be reported as nontaxable because the amount of overpayment is being checked in a different year than paid. Refer to "DoDFMR", Vol. 7A, table 44-1, note 10.

When a taxable overpayment is collected from an active duty or reserve member in a year other than the year it was paid, the finance officer is to also issue a tax certificate similar to the one in figure 18-1.

180503. Notification

A. Advance notification before collection for routine adjustments to a member's pay is not necessary. Routine adjustments correct an overpayment that results from clerical or administrative errors or delays in processing pay documents which are discovered and

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corrected in the next or a few pay periods, not over an extended period of time. Although advance notification is not required, members should be informed by unit commanders that they should contact the finance officer if additional information is desired.

*B. Advance notification in writing is required for voluntary collection of debts when the member's consent is required. Advance notification in writing is not required for involuntary collection. The finance officer will inform the member of the debt using NAVMC Form 11061: Notification of Indebtedness/Installment Liquidation Agreement within five days after becoming aware of the indebtedness. (The NAVMC 11061 is available on the internet at: <http://www.hqmc.usmc.mil/ar/recmgmt.nsf> where you can search to find the NAVMC 11061.) The finance officer will complete part I of the form and forward it to the member's commanding officer. The commanding officer is responsible for ensuring that parts II and III of the form are completed and that the member understands their rights in the matter. Commanders will coordinate with the finance officer in assisting the members who desire to exercise any of the rights contained in part II of the form. Commanders will ensure the completed form is returned to the finance office within 10 days after receipt. WIA members may request, via their commander, delayed checkage up to 90 days from notification of debt.

C. Advance notification in writing is not required for collection of debts that are covered by the delayed checkage process. The remarks area of Section F of the LES informing the member of the indebtedness will serve as written notification of the indebtedness. Preprinted on the reverse is an explanation of the member's rights concerning the indebtedness. When a change to the installment schedule is desired, the commander must initiate and forward a request to the MOBCOM Finance Officer, Reserve Pay using a NAVMC 11116 by checking the "OTHER" section and using the statement:

"REQUEST SUSPENDED CHECKAGE SHOWN ON __LES FOR \$__BE REPAYED IN MONTHLY INSTALLMENTS OF \$__."

The MOBCOM Finance Officer, Reserve Pay must receive the request before the first day of IDT or active duty period that occurs on or after 75 days from the forecasted date (effective date) the installment deduction will begin.

180504. Establishment Of Indebtedness. See Chapter 7, Section 3.

180505. Collection - Member's Consent Required

A. Reference. "DoDFMR", Vol. 7A, Chapter 50.

B. Substantiation. Properly authenticated documentation which established the indebtedness.

C. MOBCOM Finance Officer, Reserve Pay Action

1. Member Consents. If the member consents to the collection and the indebtedness is a finance reportable transaction item, report a consent checkage entry to establish the liquidation schedule by reporting TTC 559, SEQ 000 (see appendix F). Separate liquidation schedules must be entered when the indebtedness is caused by an overpayment of entitlements which consists of taxable and nontaxable entitlements. The entry of a liquidation schedule for an indebtedness that contains taxable entitlements causes the monthly amount of earned wages subject to tax withholding to be reduced by the amount repaid each month. This reduction is reflected on the LES and IRS Form W-2 issued for the taxable period. (See paragraph 1805010 for cash repayment procedures.) The indebtedness may not be offset or reduced by accumulated pay and allowances to arrive at a lower indebtedness amount.

2. Member Does Not Consent. When the member does not consent to the collection and the indebtedness is a finance reportable item, the MOBCOM Finance Officer, Reserve Pay will:

a. Report the nonconsent checkage using TTC 564, SEQ 00_, as appropriate (see appendix F). Posting of this entry generates the statement NONCONSENT CHECKAGES OF \$XXXX.XX TO BE LIQUIDATED UPON DISCHARGE on each LES produced within 120 days of the member's ECC/ERRS (expiration of Ready Reserve service).

b. Prepare a tax certificate, in duplicate, as shown in figure 18-1, for federal and, when applicable, state income tax withholding, for delivery to the member when a taxable indebtedness is liquidated from a member's final settlement. Final settlement, for this purpose, occurs when a member is discharged or transferred to another military status; e.g., transferred to the IRR, Standby Reserve, reenters active duty, etc.

c. Forward copies of the documentation substantiating the collection to the DFAS-N/KC.

180506. Collection of Indebtedness (IRR Nondrilling Reservist)

A. Reference. "DoDFMR", Vol. 7A, Chapter 50.

B. Substantiation. Properly authenticated documentation which established the indebtedness.

C. MOBCOM Finance Officer, Reserve Pay Action For Indebtedness Sent to DFAS-DE

1. Upon discovery of the indebtedness, forward the account to the Director, DFAS-DE, Customer Service Branch (PODC), 6760 E. Irvington Place, Denver, CO 80279-7300 for collection. When collection is made, the DFAS-PODC/DE reports the credit to the member's account.

2. IRR (Active Duty). When an IRR is on active duty, notify the DFAS-PODC/DE, who is to return the file to your finance office showing the balance owed the Marine Corps. Implement collection action (e.g., withholds payments). After active duty is

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completed, if the entire debt is not collected, the file is returned to the DFAS-PODC/DE to resume collection.

3. IRR (SMCR). When an IRR joins the SMCR, the MOBCOM Finance Officer, Reserve Pay is to notify the DFAS-PODC/DE who is to return the file for collection action.

*4. IRR (Discharged or Retired). The DFAS-JMCC/ KC is to notify the DFAS-PODC/DE.

5. Adjustments. When the DFAS-PODC/DE notifies the MOBCOM Finance Officer, Reserve Pay by letter, that an adjustment has been made (e.g., insufficient funds check, miscomputation of debt, or travel settlement), report an entry to debit the member's account for the amount identified.

D. MOBCOM Finance Officer, Reserve Pay Action For Indebtedness Not Sent to DFAS-DE.

*1. Service members that are transferred from active duty to the SMCR and the IRR Reserve Status who have an indebtedness will automatically have their debt transferred to their Reserve Pay Master Military Pay Account (MMPA) by DFAS-JMCC/KC (Separations). DFAS-JMCC/KC is to take the following action.

(a) Upon receipt of the member's NAVMC 11060, reconcile the service member's MMPA to ensure the indebtedness is correct. Report the indebtedness into the member's MMPA using MISC CHEK (TTC 694/003) with numeric pay code 55100 for officers and 55200 for enlisted members with a tax code of 4. The effective date of the checkage will be the member's EAS.

* (b) For an indebtedness that exceeds \$100, it is to be processed under the delayed checkage process reporting CHEK LIQ OF INDEBT (TTC 559/003). The same five-digit pay code that was used to report the indebtedness is to be used. The installment amount for the liquidation of indebtedness is to be computed using the 20% rule. The date of entry is to be the date of reporting.

2. Reserve members who are transferred from the SMCR and IRR to an active duty status and have accrued indebtedness will have their debt transferred to their Active Duty (MMPA) by the MOBCOM Finance Officer. The MOBCOM Finance Officer is to take the following action:

(a) Upon receipt of the Reserve Overpaid Report, identify those Reservists who have been called/ordered to active duty for 90 days or more and who are indebted. Report the indebtedness into the member's active duty MMPA using CHEK MISC (TTC 693/003) with the appropriate five digit numeric pay code with a tax code of 4. The

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checkage is to reported under DSSN 6167. The effective date of the checkage will be the first day of a member's new active duty period.

*(b) For an indebtedness that exceeds \$100, it is to be processed under the delayed checkage process reporting CHEK LIQ OF DEBT (TTC 559/003). The same five-digit pay code that was used to report the indebtedness is to be used. The installment amount for the liquidation of indebtedness is to be computed using the 20% rule. The effective date of the entry is to be the first day of the Reserve member's new active duty period.

180507. Assessment Of Interest, Penalties, Or Administrative Charges On In-Service Debts

A. Reference. "DoDFMR", Vol. 7A, Chapter 50.

B. General. The reference requires the assessment of interest, penalties, and/or administrative charges on all debt collections except those resulting from routine pay adjustments as defined in paragraph 180503.

C. Penalties and Administrative Charges. Penalties and administrative charges are assessed on the handling of delinquent debts. In-service debts are collected by payroll deduction and do not become delinquent.

D. Interest. Interest accrues from the date the member is advised of the debt and interest requirement (the date the NAVMC 11061 signed). Interest is automatically waived on any portion of the debt paid within 30 days after the date interest began to accrue. This 30-day period may be extended, on a case-by-case basis, if it is determined to be reasonably appropriate. Situations that could be considered for waiver of interest charges are:

1. When the debt is waived under 10 U.S.C. 2774 or 10 U.S.C. 6161,
2. When the assessment of interest on the debt (in relation to the member's monthly installment) would prevent the principle of the debt from being repaid,
3. When the debt was incurred through no fault or act of the member,
or
4. When the debt was incurred as a result of Marine Corps requirements (uniform clothing charges, transportation charges, excess weight charges, etc.).

E. MOBCOM Finance Officer, Reserve Pay Action. The finance officer will waive interest on in-service debts on a case-by-case basis. If interest is not assessed, establish the liquidation as directed in the following paragraph. If interest is assessed, annotate this in the Remarks Section of the NAVMC 11061 before notifying the commanding officer and member of the debt and liquidation schedule.

180508. Liquidation Of Indebtedness

- A. Reference. “DoDFMR”, Vol. 7A, Chapter 50.
- B. Substantiation. Properly authenticated documentation which established the indebtedness.
- C. MOBCOM Finance Officer, Reserve Pay Action. Establish a liquidation schedule that allows for recovery of the debt before the member's reserve ECC and/or ERRS. Inform the member and the commanding officer of the debt and liquidation schedule using the NAVMC 11061: Notification of Indebtedness.
- D. Member's Action/Commanding Officer's Action. Required information must be provided to the MOBCOM Finance Officer, Reserve Pay after receipt of the NAVMC 11061.
1. The member will review the liquidation schedule and agree in writing to the rate of deduction indicated.
 2. The member may disagree with the rate of deduction as established by the finance officer and may indicate, in writing, the terms of liquidation that are agreeable and that will liquidate the indebtedness prior to the reserve ECC and/or ERRS.
 3. In certain instances, the member may refuse to a consent checkage and so indicate on the notification.
 4. The commanding officer will advise the member of the requirement to assess interest charges on any debt other than a routine pay adjustment.
 5. The commanding officer may recommend other terms for the liquidation of an indebtedness.
- E. Final Action
1. After all parties agree to the terms of the liquidation schedule, the commanding officer will endorse the NAVMC 11061, return the original to the MOBCOM Finance Officer, Reserve Pay, deliver the duplicate to the member, and retain a copy in the unit files.
 2. The MOBCOM Finance Officer, Reserve Pay will prepare an entry to establish the liquidation schedule or process cash repayment, and forward the original NAVMC 11061 to the DFAS-N/KC.
180509. Delayed Checkage Process

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A. General. The delayed checkage process provides a means for notifying members of an impending checkage over \$100. The delayed checkage process includes the following features:

1. Identifies the checkage.
2. Delays deduction of the checkage in the member's MMPA for 75 days.
3. Notifies the member of the suspended checkage and the amount of the deduction per paid IDT period or day of active duty performed.

B. MOBCOM Finance Officer, Reserve Pay Action. Report the delayed checkage entry with TTC 559, SEQ 003, the appropriate five-digit pay code from appendix C, the principal amount, the installment amount, tax code, and the six-digit date of entry.

Note:	Any "taxable" overpayment collected in a year other than the year it was paid will be checked as a nontaxable item and no tax adjustment will be made. <u>The only time taxable income is to be adjusted is when an overpayment is paid and collected within the same year as the overpayment occurred.</u> For example, a member is overpaid ACIP in August 2001, overpayment was discovered in December 2001, and checkage action started in January 2002. The total amount of the member's overpayment is to be reported as nontaxable because the amount of overpayment is being checked in a different year than paid. Refer to "DoDFMR", Vol. 7A, table 44-1, note 10.
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**When a taxable overpayment is collected from an active duty or reserve member in a year other than the year it was paid, the finance officer is to also issue a tax certificate similar to the one in Chapter 7.

C. Delayed Checkage Codes. For a checkage to process under the delayed checkage feature, it must be for an amount greater than \$100. Only those codes listed in appendix C are processed under the delayed checkage process.

D. Notification. Advance notification in writing is not required for collections of debts that are covered by the delayed checkage process. Members will be notified of checkages via the LES. The appropriate statement will appear in the remarks area of Section F of the LES. The statement advises the commanding officer, the MOBCOM Finance Officer, Reserve Pay and the member of an impending checkage, and alerts them that if action is not taken during the delay period, the checkage will be made on or after the first IDT period date or day of active duty performed following completion of the 75-day delay period.

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1. When a delayed checkage is first reported, this message will appear in Section F of the LES:

"A \$_____ CHECKAGE FOR _____ HAS BEEN SUSPENDED. \$_____ WILL BE DEDUCTED FROM EACH PAID DRILL OR DAY OF ACTIVE DUTY AFTER YYYYMMDD UNLESS AN ALTERNATE LIQUIDATION SCHEDULE IS REQUESTED BY YYYYMMDD."

2. When a delayed checkage is taken out of suspense, this message will be displayed in Section F of the LES advising the member that the liquidation has been started and the amount of deduction per paid IDT period or day of active duty.

"A LIQUIDATION OF INDEBTEDNESS HAS BEEN AUTOMATICALLY GENERATED FOR THE \$_____ SUSPENDED CHECKAGE. \$_____ WILL BE DEDUCTED FROM EACH PAID IDT PERIOD OR DAY OF ACTIVE DUTY AFTER YYYYMMDD."

E. Collection. All delayed checkages will be collected on or after the first IDT period or day of active duty performed following completion of the 75-day delay period. For example: A transaction subject to the delayed checkage process is reported by the finance officer on 14 May YYYY. The transaction will be processed, the collection delayed, and a message generated on the May YYYY and June YYYY LESs (received in June and July YYYY) informing the member of the indebtedness. The delayed checkage will be taken out of suspense on 27 July YYYY. A message will appear on the July YYYY LES (received in August YYYY) informing the member that the liquidation has been started and the amount of the deduction per paid IDT period or day of active duty. If the member desires to pay the debt by installments that differ from the schedule previously established, delete the delayed checkage entry liquidation using TTC 559, SEQ 000, as shown in appendix F. Then, report the check liquidation of indebtedness entry TTC 559, SEQ 000, shown in appendix F, using the amount of the indebtedness and the revised monthly deduction rate.

F. Commander's Action

1. The commander must coordinate and expedite action to establish an alternate liquidation schedule or request waiver/remission of the indebtedness if requested by the member. The commander must prepare and forward a NAVMC 11116 to the MOBCOM Finance Officer, Reserve Pay by checking the "OTHER" Section and using the statement:

"REQUEST SUSPENDED CHECKAGE SHOWN ON __ LES FOR \$___ BE REPAID IN MONTHLY INSTALLMENTS OF \$___."

The form must reach the MOBCOM Finance Officer, Reserve Pay before the date shown in the LES message and must enter the alternate liquidation schedule data to prevent the previous schedule from becoming effective.

2. In those cases where a member requests an alternate liquidation, the commanding officer and the MOBCOM Finance Officer, Reserve Pay must exercise care to ensure the interest of the Government is protected.

G. Administering The Delayed Checkage Process

1. The MOBCOM Finance Officer, Reserve Pay will enter delayed checkages using the TTCs listed in appendix F.

2. Make a cash collection for a delayed checkage at any time after notification of a suspended checkage has appeared on the LES, including when a delayed checkage has been removed from suspense and collection has begun. Stop the delayed checkage using TTC 562, SEQ 001, as shown in appendix F. This will build a one-time checkage for the remainder of the indebtedness amount to be liquidated as of the last cycle date. Then report the credit cash deposit entry (TTC 513, SEQ 000). Ensure that both TTC 562 and TTC 513 process and post in the same cycle. Otherwise, the MMPA will not be in balance and another overpayment or underpayment will result.

180510. Cash Deposit To Offset Indebtedness

A. Reference. "DoDFMR", Vol. 5.

B. Substantiation. DD 1131: Cash Collection Voucher.

C. DFAS-KC Action. The DFAS-AD/KC will:

1. Prepare a DD 1131, and report the deposit using TTC 513, SEQ 000 (see appendix F). Ensure that the indebtedness is established in the MMPA--the debt may be reported simultaneously with the deposit.

2. Stop the original liquidation schedule and start a new schedule for any remaining indebtedness if the cash deposit is for an indebtedness being liquidated.

3. Prepare a tax certificate, in duplicate, as shown in figure 18-1, for delivery to the member when a taxable indebtedness is repaid.

4. Forward a copy of the DD 1131 to the commanding officer if the cash deposit is made to offset an initial lump-sum deduction from the reservist's account for payment of a fine. The commanding officer will use the information extracted from the DD Form 1131 in completing the unit dairy statement reporting the fine, as prescribed in MCO P1080.40.

PART B: COURT ORDERED/LEGAL DEDUCTIONS

180511. Bankruptcy

A. Bankruptcy Proceedings

1. Reference. "DoDFMR", Vol. 7A, Chapter 50.
2. Substantiation. Court order issued by a federal court listing scheduled indebtedness to the United States.
3. Action. The DFAS-JMCE/KC will forward the court order to the DFAS-GA//KC who will determine the validity and legal effect of the court order and inform Reserve Pay of the action to be taken. When a reservist does not consent to continued checkage of indebtedness, prepare an entry to terminate the liquidation of indebtedness using TTC 562, SEQ 001 (see appendix F).

B. Chapter 13 (Formerly Wage Earner's) Plan

1. Reference. "DoDFMR", Vol. 7A, Chapter 50.
2. Substantiation. Court order issued by a federal bankruptcy court.
3. Action. The DFAS-JMCE/KC will:
 - a. Forward the court order to the DFAS-GA/KC, who will determine the validity and legal effect of the court order.
 - b. Prepare a Treasury check each month for the amount due the reservist, not to exceed the amount directed in the court order (checks will be made payable to the trustee and mailed as directed by the court order).
 - c. Notify the trustee when no pay is due for the month payments are stopped, or there is a change in the pay status of the reservist (e.g., promotion, reduction, separation, etc.).
 - d. Report TTC 539, SEQ 001 (see appendix F).
 - e. Notify the reservist via the commanding officer of the Chapter 13 plan and the amount/percentage of pay that is to be sent to the court or the court's agent.
 - f. Enter the checkage using TTC 694, SEQ 003 (see appendix F) pay code 56135 for officers or 56235 for enlisted.
 - g. Do not release any payments for a reenlistment bonus without the approval of the attorney advisor.

180512. Former Spouse "Flag"

A. Authority. Uniformed Services Former Spouses' Protection Act of September 8, 1982 (10 U.S.C. 1408).

B. Substantiation. Court order in connection with a divorce, dissolution, annulment, or legal separation.

C. DFAS-JMCE/KC Action

1. Upon receipt of a valid court order directing apportionment of a member's future retired pay as property from the DFAS-GA/KC, report TTC 614, SEQ 000 (see appendix F).

2. Upon receipt of a valid court order directing the stoppage of the apportionment of a member's future retired pay as property from the DFAS-GA/KC, report TTC 615, SEQ 000 (see appendix F).

D. Reports. See appendix A for reports generated out of this process.

180513. Garnishment Proceedings

A. Reference. "DoDFMR", Vol. 7A, paragraphs 500201 through 500203.

B. Substantiation. The DFAS-PG/CL will review and determine if documents received from a legal process initiated by a court of competent jurisdiction for garnishments or a legal process initiated by a court of competent jurisdiction within any state, territory, or possession of the U.S. constitute garnishment action. A foreign court decree obligating a reserve member to provide child support or alimony is generally not enforced by garnishment or attachment processings. When a court of competent jurisdiction has recognized such a foreign court decree and issued a writ of garnishment or attachment, 42 U.S.C. 659 applies.

C. DFAS-PG/CL. The DFAS-PG/CL receives a court summons and complaint, or a writ of garnishment or attachment, for enforcement of child support and alimony obligations. A finance officer who receives such a document will immediately forward it to the DFAS-PG/CL under letter of transmittal. The transmittal should state the date of service and method by which service was made; i.e., personal and by whom (by title), certified or registered mail (include certified/registered mail number), or regular mail.

D. DFAS-JMCE/KC Action. The DFAS-JMCE/KC will:

1. Comply with the legal process issued by the DFAS-PG/CL and the requirements of the "DoDFMR", Vol. 7A.

2. Place the reserve member's pay account in a suspense file and pay only those monies specifically authorized by the DFAS-PG/CL.

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3. Notify the DFAS-PG/CL when there is a change in the pay status of a reserve member having an active garnishment; e.g., promotion, reduction, entry into or return from UA or separation with an indication if there is to be immediate reentry.

4. Report a pay hold flag (TTC 539, SEQ 001) and issue a payment to the court or payee named in the writ on a SF 1034. Report a garnishment amount with TTC 694, SEQ 003 (see appendix F).

5. Issue a payment to the court or payee named in the writ on a SF 1034. Report the garnishment amount into the MCTFS with TTC 694, SEQ 003, to include the appropriate five-digit pay item description from appendix E, the dollar amount of the garnishment, tax code 4, and the date of payment or date of suspension.

6. Return the reserve member's pay account to the active file only when notified to do so by the DFAS-PG/CL.

7. Forward garnishment inquiries that cannot be answered at the DFAS-KC to the DFAS-PG/CL, DSN 580-5301/5302 or (216) 522-5301/5302.

E. Commanding Officer's Action. Upon receipt of notification, the commanding officer will immediately notify the reserve member concerned about the garnishment.

180514. Sick-Misconduct. When a reservist has a period of sick-misconduct, pay is forfeited for the corresponding active duty period. The reserve unit will report the sick-misconduct checkage by diary. The transaction is passed to the MCTFS diary retrieval system for manual input of the actual checkage as the checkage is not system-generated. Upon receipt of the advisory message, CHECKAGE ACTION NOT TAKEN. DO MUST REVIEW AND ADJUST PAY MANUALLY, the MOBCOM Finance Officer, Reserve Pay will:

A. Research the master record via the MCTFS for periods of active duty affected by the sick-misconduct. Research remarks D982 and D987. Extract the applicable credits and pay codes for basic, special, and incentive pay credited for any sick-misconduct period.

B. Calculate the amount of checkage.

C. Report checkages using TTC 694, SEQ 003, and the appropriate pay item description from appendix E for basic pay and for each special and incentive pay credited.

PART C: CHECKAGES

180515. Government Property Checkage

A. Reference. "DoDFMR", Vol. 7A, Chapter 50.

B. Member Does Not Consent to Checkage

1. Substantiation. Unit diary.

2. DFAS-JMSD/KC Action. The reported diary statement causes each LES produced within 120 days of the ECC to show NONCONSENT CHECKAGE OF \$XXXX.XX TO BE LIQUIDATED UPON DISCHARGE. The MOBCOM Finance Officer, Reserve Pay will collect the indebtedness from the reservist's final settlement, as authorized by table 50-3 of the "DoDFMR", Vol. 7A.

*180516. Clothing And Small Stores Checkage

A. Reference. Navy Regulations, paragraph 0767; Navy Supply Systems Command Manual, paragraph 42203-4; MCO P4066.13; and MCO P10120.28.

B. Substantiation. DD Form 139: Pay Adjustment Authorization received from the DFAS-KC for checkages not liquidated prior to or upon release from active duty.

C. DFAS-KC Action. The DFAS-JMSD/KC will report the checkage using TTC 515, SEQ 000 (see appendix F).

180517. Household Effects Checkage. The Commanding General (A470), Marine Corps Logistics Base, Albany, Georgia, issues all DD Form 139s for the checkage of excess cost of household effects shipments and forwards them to the DFAS-JMSD/KC. Either the DFAS-PODC/DE will request (in writing) repayment from the reservist or the DFAS-JMSD/KC will check the reservist's pay account using TTC 544, SEQ 000 (see appendix F).

180518. Mobile Home Shipment. The Commanding General (A470), Marine Corps Logistics Base, Albany, Georgia, issues all DD Form 139s for the checkage of excess costs incurred in the shipment of a mobile home and forwards them to the DFAS-JMSD/KC. Either the DFAS-PODC/DE will request (in writing) repayment from the reservist, or the DFAS-JMSD/KC will check the reservist's pay account using TTC 694, SEQ 003 (see appendix F).

180519. Transportation Request Checkage. Issuing agents who provide TRs and meal tickets to reservists without funds, when no prior orders exist, will issue a DD Form 139 requesting a pay account checkage and will forward them to the DFAS-JMSD/KC. The DFAS-JMSDC/KC will report the checkage using TTC 543, SEQ 001 (see appendix F).

180520. Travel Advance Checkage. Refer to Chapter 22, Section 1.

180521. Dishonored Checks Cashed By And Other Debts To Nonappropriated Fund Instrumentalities

A. Reference. "DoDFMR", Vol. 7A, Chapter 50, table 50-5, and MCO 7220.49.

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B. Substantiation. DD Form 139: Pay Adjustment Authorization (PAA) and partially completed SF 1034 prepared by the Marine Corps' NAFI official, and documentation supporting the debt (e.g., a copy of both sides of a dishonored check).

*C. DFAS-KC Action. Upon receipt of the DD Form 139, the DFAS-JMCC/KC will take the following actions:

1. Return improperly completed PAAs and accompanying documentation to the originator. Explain the reason it is being returned.

2. When the reservist is in a non-IDT status (i.e., IRR) and/or the originator is a non-Marine Corps exchange, return the PAA to the originator. Explain why no action was taken.

a. When the reservist is in a non-IDT status and the dishonored check/debt is to a Marine Corps exchange, process the PAA as an indebtedness. See previous paragraph in this section.

*b. When the member is in the SMCR and the PAA is received from a Marine Corps exchange, check the reservist's pay account for the amount of the dishonored check/debt. Use the appropriate codes listed in appendix E. If the amount of the dishonored check exceeds two-thirds of a member's pay, the MCTFS will establish a daily liquidation schedule. The debt will be collected over the fewest possible pay periods.

c. Notify the reservist in writing of the reason pay was checked. Advise of the date the checkage was reported and the expected date the checkage will take effect.

d. Once the debt is collected in full, endorse the documentation to certify that the debt has been collected.

e. Complete the SF 1034 and forward it and a copy of the PAA to the DFAS-AHD/KC.

3. DFAS-JV/KC Action. The DFAS-JV/KC will take the following actions:

a. Process the SF 1034, make payment to the activity. For commissaries only, process the SF 1034 as a "no-check" transaction.

b. Forward the endorsed PAA to the NAFI.

180522. Travel Card Debts and Indebtedness Owed to the United States Government

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A. Reference. Travel and Transportation Act, Public Law 105-264 dated October 19, 1998, “DoDFMR”, Vol. 7A, paragraphs 430501 through 430507.

B. General. Effective May 1, 2003, all travel card debts and indebtedness owed to the United States through the Treasury Offset Process System (TOPS) are electronically transferred to the MCTFS for processing. Debts processed through TOPS include indebtedness owed to the Department of Education, the Department of Housing and Urban Development, the Department of Agriculture, the Small Business Administration, the Uniform Services, and the Veterans’ Administration.

C. The DFAS-Cleveland, Salary Offset Project Office, will transmit a Travel Card/TOPS file on the first day of each month for collection on the 15th payday. Fifteen (15) percent of a member’s disposable pay is collected each payday until the debt is paid in full. This pertains to both active duty and reserve members.

1. Travel card and indebtednesses owed to the United States are displayed on the Garnishment 978 Remark. A reason code “C” will identify a travel card debt and a reason code “P” will identify a TOPS debt.

2. The “Paid Amount Field” displays the actual monies withheld from the member’s 15th of the month payday and paid.

3. The “Arrears Amount” field displays the total amount of the debt requested.

4. The “Balance Arrears Amount” field displays the balance of the indebtedness.

5. The “Percent Arrears Rate” field displays 15 percent.

D. The Garnishment Check Address 979 Remark contains the recipient’s name, account owner, address and EFT information.

E. Notification of Checkage

1. The appropriate federal agency will provide each debtor with written notice of the indebtedness and that failure to repay it will result in involuntary collection.

2. DFAS will notify the member of the travel card debt with the following message displayed in the Remarks section of the member’s LES: “Any Questions concerning the Travel Card Debt, Contact Bank of America 1-800-472-1424.”

3. DFAS will notify the member of the Treasury Offset Process debt with the following message displayed in the Remarks section of the member’s LES: “Garnishment-Treasury Offset.”

F. To establish a liquidation of indebtedness for a travel card debt, report TTC 559/004 (see appendix F).

G. To establish a liquidation of indebtedness for an indebtedness process through TOPS, report TTC 559/005 (see appendix F).

H. Inquiries concerning these checkages should be referred to the DFAS-PMMC/KC for active duty members and reserve members.

180523. Defaulted Student Loan Checkages Not Processed Through TOPS

A. Authority. Travel and Transportation Act, Public Law 105-264 dated October 19, 1998, "DoDFMR", Vol. 7A, paragraphs 430501 through 430507.

B. Substantiation. Computer listings of reserve members from whom collection has been requested. The listings, produced from magnetic tapes received from the Department of Education via the Department of Defense Manpower Data Center (b), are furnished by the DFAS-JMCE/KC. The DMDC verifies the information, ensuring proper certification of due process, before sending the magnetic tape to the DFAS-KC.

C. DFAS-JMCE/KC Action

1. Determine the daily amount of disposable pay. Daily disposable pay equals the member's daily rate of basic pay (plus any special and incentive pays; e.g., ACIP, HDIP, etc.) less FICA, FITW, SITW, SGLI, and forfeitures/fines.

2. Compute 15 percent of the daily disposable pay. Report the checkage and establish the liquidation schedule using TTC 694, SEQ 003 and TTC 559, SEQ 001 (see appendix F).

3. Review the member's MMPA each month to verify the disposable pay. Care must be taken to make sure that not more than 15 percent of disposable pay (computed as shown in 3a, above) is collected. If disposable pay increases by \$1.66 or more per day, or decreases by any amount, recompute the rate of collection.

4. Upon receipt of a request from the Department of Education to suspend a checkage for whatever reason, discontinue the checkage by reporting TTC 560, SEQ 002 (see appendix F).

5. After being notified by the Department of Education to resume collection, report the resumption with TTC 561, SEQ 002 (see appendix F).

6. When the rate of collection changes, stop the deduction with TTC 562, SEQ 002 (see appendix F).

7. Reestablish the liquidation using TTC 694, SEQ 003. When reestablishing the liquidation, both TTC 694, SEQ 003 and TTC 559, SEQ 001 are required. For TTC 694, the dollar amount of the as-of-balance must be used. The liquidation of student loan entry (TTC 559, SEQ 001) will generate a credit for the adjusted amount to be liquidated. That credit must be checked (TTC 694, SEQ 003, code 57130 or 57230, as appropriate) to keep the account in balance. The effective date for both entries is the day after the indebtedness was stopped or the R928 DATE-TO plus one day.

8. To recredit the member's account, use TTC 694, SEQ 002 (see appendix F) in situations where an error was made by the DFAS-JMCE/KC in reporting the initial checkage.

D. Reports

1. Student Loan Collection Report (appendix A).

2. Military Pay Voucher (MPV). A system-generated MPV is produced each month to accompany the Student Loan Collection Report. The MPV will show appropriation data and money amount for appropriations affected by student loan collections during the month. Four copies of the MPV will be provided to the DFAS-JV/KC.

180524. Defaulted Veterans' Administration Loans Not Processed Through TOPS

A. Authority. Travel and Transportation Act, Public Law 105-264 dated October 19, 1998, "DoDFMR", Vol. 7A, paragraphs 430501 through 430507.

B. Substantiation. Computer listings of reserve members from whom collection has been requested. The listings are produced from magnetic tapes received from the VA via the DMDC. The DMDC verifies the information, ensuring proper certification of due process, before sending the magnetic tape to the DFAS-JMC/KC who furnishes the listings to the DFAS-JMCE/KC.

C. DFAS-JMC/KC Action

1. Determine the daily amount of disposable pay. Daily disposable pay equals the member's daily rate of basic pay (plus any special and incentive pays; e.g., ACIP, HDIP, etc.) less FICA, FITW, STIW, SGLI, and forfeitures/fines.

2. Compute 15 percent of the daily disposable pay and report the checkage and establish the liquidation schedule using TTC 694, SEQ 003 and TTC 559, SEQ 002 (see appendix F).

3. Upon receipt of a request from the VA to suspend a checkage for whatever reason, or to resume collection of a checkage, report TTC 560, SEQ 003, or TTC 561, SEQ 003, as appropriate.

4. Report the appropriate TTC explained below to stop or reestablish the liquidation (the rate of collection changes, an error made in the amount of original debt, or the debt has been paid in full by direct remittance to the VA).

a. Stop the Deduction. Report TTC 562, SEQ 003 (see appendix F). When stopping a previously suspended entry, the date will be the same as the suspension date; when stopping a resumed entry, the date will be the same as the resumed date.

b. Reestablish the Liquidation. Use TTC 694, SEQ 003 to reestablish the liquidation. Both TTC 694, SEQ 003 and TTC 559, SEQ 002 are required. For TTC 694, the dollar amount of the as-of-balance must be used. The liquidation of the VA debt entry (TTC 559, SEQ 002) will generate a credit for the adjusted amount to be liquidated. That credit must be checked (TTC 694, SEQ 003, code 57150 or 57250, as appropriate) to keep the account in balance. The effective date for both entries is the day after the indebtedness was stopped or the D928 DATE-TO plus one day.

5. Recredit the member's account using TTC 694, SEQ 002 (see appendix F) in situations where an error was made by the DFAS-JMCE/KC in reporting the initial checkage.

6. Issue a payment for the corrected amount.

7. Review the member's MMPA each month to verify the disposable pay. Care must be taken to make sure that not more than 15 percent of disposable pay (computed as shown in 3a, above), is collected. If disposable pay increases by \$1.66 or more per day, or decreases by any amount, recompute the rate of collection.

D. DFAS-JV/KC Action

1. In addition to the system-generated documents listed below, a composite Treasury check made payable to the Veterans' Administration for the amount of VA loan collections made during the report month must also be prepared by the DFAS-JV/KC by the 15th of the following report month.

a. Military Pay Voucher (MPV). A system-generated MPV is produced each month to accompany the VA Collection Report (appendix A). The purpose for payment will be USMCR Veterans' Administration Debts Account Number 36F3875. Four copies of the MPV will be provided to the DFAS-JV/KC by the DFAS-JMCE/KC.

b. Veterans' Administration Magnetic Tape. A system-generated tape showing VA collection by reserve RUC.

c. Combined Veterans' Administration Tape. A system-generated tape combining data extracted from MCTFS VA debt collection tape.

2. Distribute the completed documents by the 15th of the month following the report month as follows:

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a. Forward the original Collection Report, a copy of the MPV, and the composite Treasury check to:

Veterans' Administration
Regional Office and Insurance Center
Bishop Henry Whipple Federal Building
Fort Snelling, PO Box 1930
St. Paul, MN 55111

b. Forward the combined Veterans' Administration tape to:

Attn: Reserve Pay Manager
Defense Manpower Data Center
DoD Center Monterey Bay
400 Gigling Road
Seaside, CA 93955-6771

3. Retain two copies of the Collection Report and the MPV and produces a back-up tape to be retained for 60 days.

180525. Miscellaneous Checkages

A. General. The Debt Collection Act of 1982 requires the Marine Corps to collect for loans determined to be defaulted and/or collect for dishonored checks written to finance offices other than Marine Corps installations. See appendix E for a list of the loans or military installations, with their corresponding pay codes, for which the DFAS-KC collects.

B. Substantiation. Listings of reserve members from whom collection has been requested. The listings are provided by the above agencies and forwarded to the DMDC. The DMDC verifies the information, ensuring proper certification of due process, before sending the listings to the DFAS-JV/KC who furnishes the listing to the DFAS-JMCE/KC.

C. DFAS-JMCE/KC Action

1. Report a pay hold flag using TTC 539, SEQ 001 (see appendix F).
2. Determine the daily amount of disposable pay. Daily disposable pay equals the member's daily rate of basic pay (plus any special and incentive pays; e.g., ACIP, HDIP, etc.) less FICA, FITW, SITW, SGLI, and forfeitures/fines.
3. Compute 15 percent of the daily disposable pay and check the member's pay account using TTC 694, SEQ 003 (see appendix F). TTC 694, SEQ 003 must be reported each time the member performs duty for which an entitlement to pay and allowances exists.

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4. Review the member's MMPA each month to verify the disposable pay. Care must be taken to make sure that not more than 15 percent of disposable pay (computed as shown in 3b, above) is collected. If disposable pay increases by \$1.66 or more per day, or decreases by any amount, recompute the rate of collection.

5. To recredit the member's account in situations where an error was made in reporting the initial checkage, use TTC 694, SEQ 002 (see appendix F).

6. Issue a payment for the corrected amount.

7. Prepare the following on a monthly basis after monthly maintenance has been run:

a. Separate reports for each type of checkage entitled "Name of type of Checkage" (e.g., HUD Title 1 Trailer Report, U.S. Marine Corps Reserve) that provides a summary of collections made during the month. The report must include the month and year for which submitted; the name, social security number, agency claim number, and amount collected for each individual; and a summary total of the amount collected.

b. Separate SF 1034s for each type of checkage citing "USMCR" and type of checkage with the appropriate agency code (e.g., Title 1 Trailer Loans, Department of Housing and Urban Development 86X4070) as the purpose for payment. The type of checkage and agency address are shown on the listing requesting collective action.

c. Separate composite Treasury checks made payable to the appropriate agency (e.g., HUD) for the amount of collections made during the report month.

8. Distribute the completed documents by the 15th of the month following the report month.

a. Forward the original Collection Report, a copy of the SF 1034, and the composite Treasury check to the appropriate agency address shown in your SOP for the type collection being made.

b. Forward a copy of the Collection Report and SF 1034 to:

Debt Collection Reporting System
Defense Manpower Data Center
550 Camino El Estero, Suite 200
Monterey, CA 93940-3231

D. Retain a copy of each collection report and a copy of each SF 1034 for future reference.

1806 WAIVER OF INDEBTEDNESS

180601. Waiver Of Indebtedness

*April 19, 2007

A. Standards of Consideration. Application procedures on all requests for remission or waiver of an indebtedness will be in strict accordance with the guidelines and standards in Chapter 10. In addition to the waiver application submission requirements listed in Chapter 10, an application from a member of a reserve unit for waiver of an erroneous payment resulting from service with that unit will be submitted to the HQMC/RFF via the reservist's commanding officer and the MOBCOM Finance Officer, Reserve Pay. Failure to comply with these guidelines and standards will result in the application being returned to the appropriate echelon for correction and resubmission.

B. Action on Applications

1. Applicant. Applications for waiver of the indebtedness will be submitted on a NAVMC 11081: Waiver/Remission of Indebtedness. Omission of any of the information required will result in the application being returned for completion.

2. Commanding Officer Responsibilities

a. If the applicant is applying for waiver of an erroneous payment resulting from service with a Reserve unit, the commanding officer will furnish an enclosure in the form of an endorsement to the applicant's waiver request per Chapter 10.

b. The commanding officer is responsible for the completeness and accuracy of the application and investigative report. Consider the following conditions when determining whether or not to authorize suspension of collection action:

(1) There is a reasonable possibility that waiver action will be granted.

(2) The government's interests will be protected if suspension is granted by reasonable assurance that the erroneous payment would be recovered if waiver is not granted.

3. MOBCOM Finance Officer, Reserve Pay Action

a. Upon receipt of an application for waiver of indebtedness, prepare entries to report the completed action. If the commanding officer authorized suspension of collection action, suspend collection effective the day before the date of the commanding officer's endorsement of the waiver application. Make sure the original amount of the indebtedness or overpayment has not been adjusted and that all amounts are correct. Report the suspension with TTC 560, SEQ 001 (see appendix F).

b. Prepare and submit an endorsement as directed by Chapter 10.

4. DFAS-POC/DE. The Director, DFAS-POCT/DE, has been given the authority to approve/deny applications for the waiver of indebtedness, within limits, of an

applicant who meets the criteria of the applicable statute(s), and will take one of the following actions:

a. Approve/deny the waiver in whole within the limits of the authority granted, or

b. Forward the waiver request to the HQMC/RFF or the Comptroller General of the United States for a decision.

5. HQMC/RFF. Upon receipt of waiver applications from the DFAS-KC, the Fiscal Director of the Marine Corps must consider the application under the statute which is most advantageous to the applicant and take one of the following actions:

a. Approve the waiver in whole or in part,

b. Disapprove the waiver in its entirety, or

c. If appropriate, forward the waiver request to the Comptroller General of the United States for a decision.

180602. Exceptional Cases. Under unusual circumstances, the Fiscal Director of the Marine Corps or the DFAS-POCT/DE, may grant a waiver or initiate waiver procedures in the absence of an application from the person involved, under the provisions of 10 U.S.C. 2774 and/or 6161.

180603. Notification Of Waiver Action

A. The HQMC/RFF or the DFAS-POCT/DE, as appropriate, shall notify all concerned, in writing, as to the final action taken on an application for waiver. It is imperative that the HQMC/RFF and the DFAS-POCT/DE be advised of any change of address of the applicant during the time the request is being considered. Any person who has repaid all or part of an indebtedness waived in whole or in part under 10 U.S.C. 2774 shall be informed, if the member can reasonably be located, of the waiver action, and shall also be advised of the right to apply for a refund, within two years of the date of waiver action, to the DFAS-POCT/DE.

B. After final action has been taken on the requested waiver, the DFAS-POCT/DE will report the following entries to the member's MMPA, as appropriate.

1. Full Waiver

a. Terminate the liquidation using TTC 562, SEQ 001 (see appendix F). When stopping a previously suspended entry, the date will be the same as the suspension date; when stopping a resumed entry, the date will be the same as the resume date.

b. Credit any monies due the member using TTC 694, SEQ 002 (see appendix F). The member may be due monies if the debt was waived in full and

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collection had been made prior to the suspension. The amount of an indebtedness written off will appear in the Write Off 989 remark.

2. Waiver Denied. Resume the liquidation using TTC 561, SEQ 001 (see appendix F).

3. Partial Waiver. Terminate the original liquidation using TTC 562, SEQ 001. Establish a liquidation for the remaining indebtedness using TTC 559, SEQ 000. The daily rate of collection will be the same as the original liquidation schedule.

C. MOBCOM Finance Officer, Reserve Pay. When a waiver is denied or only partially granted, the rate of collection must be verified to ensure liquidation before the member's ECC expires. If the original liquidation schedule does not support this requirement, the member's commanding officer will be advised and a new rate of collection established. In the event an indebtedness has not been liquidated upon a member's discharge from reserve service, all available pay and allowances authorized by the "DoDFMR", Vol. 7A, table 50-6, will be applied against the obligation to the extent necessary to offset the remaining indebtedness.

180604. Refunds Of Amounts Repaid And Waived. The Director, DFAS-POCT/DE shall refund any repaid amount which has been waived under 10 U.S.C. 2774. Application for such a refund may be included within the application for waiver and must, in any event, be made within two years of the date of waiver. Refunds shall be charged to the same appropriation from which the overpayment was made, except that the fiscal year chargeable will be that in which the refund was made. Field finance officers are not authorized to make refunds or credit adjustments involving amounts previously collected, resulting from a waiver.

180605. Records. Refer to Chapter 10.

*April 19, 2007

(Date)
This is to certify that _____ SSN _____ made restitution of \$_____ in 19____/200____ for an overpayment of wages received during 19____/200____ while serving with the U.S. Marine Corps.
SIGNATURE
Grade, title
<p>This certificate should be filed with your annual income tax return. If the amount you repaid is less than \$3,000 you may be able to itemize deductions and claim the repaid amount as a miscellaneous deduction (Rev. Rule 79-311). If the repaid amount is more than \$3,000, you may be able to deduct the amount repaid as a miscellaneous deduction or use the amount repaid to compute a credit against your tax liability (26 U.S.C. 1341). Refer to IRS Publication 17: Your Federal Income Tax, Chapter 13, Other Income, Repayments. IRS Publication 17 is available on the Internet at: http://www.irs.ustreas.gov/forms_pubs/pubs/index.htm You should contact your legal assistance officer or the local IRS officer for assistance.</p> <p>Repayment of this debt may affect your state tax liability. You should check your applicable state laws.</p> <p style="text-align: center;">RETAIN THIS CERTIFICATE FOR FILING WITH YOUR TAX RETURN</p>

Figure 18-1. Sample tax certificate.